

**CALIFORNIA BOARD OF ACCOUNTANCY**

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December 2007

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Dear Licensee:

Significant changes in regulations related to the practice of public accountancy were approved this year. Licensees must now comply with these new regulations that became effective August 1, 2007.

To assist you in identifying the provisions that affect your practice, this document provides a partial summary of the new regulations. However, you must not rely on this limited summary to determine compliance requirements. You are strongly encouraged to read the text and actual changes of the regulations by following the link on the Board's Web site at www.dca.ca.gov/cba under "What's New."

The key provisions of the amendments to the regulations are as follows:

Section 68.3. Retention Period for Audit Documentation.

- ✓ Clarifies that the "report date" is the issuance date or release date of the report.

Section 68.4. The Document Assembly Period and Subsequent Changes in Audit Documentation.

- ✓ Clarifies that the document assembly period is the 60-day time period subsequent to report issuance.
- ✓ Specifies that audit documentation not completed before report issuance must be completed during the document assembly period.
- ✓ Prohibits deletions, substitutions, or editing of audit documents after the document assembly timeframe ends.
- ✓ Requires that additions to audit documents made after the document assembly timeframe ends comply with existing professional standards as well as include the following information: date of the addition, reason for the addition, and the identity of both the person making the addition and the person approving the addition.

Section 88. Programs Which Qualify.

- ✓ Allows Group Internet-Based Programs (webcast), as specified, to qualify as acceptable continuing education (CE).

Section 88.1. Provider Requirements.

- ✓ Specifies the provider requirements that must be met in order for Group Internet-Based Programs (webcast) to qualify as acceptable CE.

Section 88.2. Program Measurements.

- ✓ Specifies program measurement requirements for Group Internet-Based Programs (webcast).

Section 89. Control and Reporting.

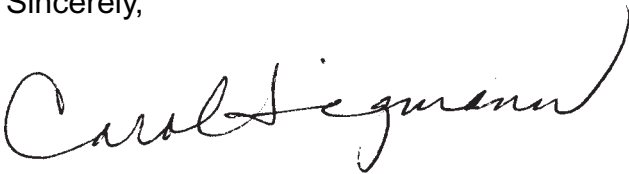
- ✓ Adds Group Internet-Based Programs (webcast) to the methods of study for obtaining CE.

Section 99. Substantial Relationship Criteria.

- ✓ Clarifies that the referenced crimes include dishonesty and fraud.

A licensee who has concerns regarding the application of these regulations to his or her professional practice may wish to seek guidance from private legal counsel. The Board is not in a position to provide licensees with legal advice.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol Sigmann". The signature is fluid and cursive, with a large, sweeping initial "C" and a long, horizontal flourish extending to the right.

Carol Sigmann
Executive Officer

QUALITY...COMMITMENT...RESULTS

APPOINTMENT OPPORTUNITIES TO THE BOARD'S QUALIFICATIONS COMMITTEE

The Board is actively recruiting licensees with diversified backgrounds who have the technical skills, the interest, and the commitment to serve on the Qualifications Committee effective January 2008. Being a committee member is an opportunity to actively participate in the regulation of the accountancy profession and to become an integral part of an organization charged with providing consumer protection amidst changing consumer demographics and the evolving nature of the profession. Your service benefits both the consumer and the profession.

Committee appointments are for a term of two years; appointed individuals may serve a maximum of four terms. Committee members receive a per diem of one hundred dollars for each day spent in the discharge of official duties and are reimbursed under state policies for travel and other expenses incurred in the performance of committee duties.

The 16-member Qualifications Committee acts as an advisory committee and assists the Board in its licensure activities by reviewing the accounting and attest experience of applicants for licensure and making recommendations to the Board. This responsibility includes conducting work paper reviews, with the applicant or employer present to respond to inquiries. These procedures are designed to verify that the responses provided on the Board's experience certification forms concerning the applicant's attest experience are appropriate and that the requirements for licensure have been met.

The following characteristics are desired in members of the Qualifications Committee:

- Regularly sign attest reports and have extensive experience in performing audits and reviews in a variety of industries.
- Typically have a minimum of ten years' experience, are a partner or equivalent, and have strong familiarity with accounting and auditing pronouncements.
- Members are from all sizes of firms and represent a balance from both the northern and the southern part of the state.
- Have completed the 24-hour Accounting and Auditing continuing education requirement for each license renewal cycle.

All applicants requesting appointment to the Board's Qualifications Committee must be actively licensed to practice public accounting for a minimum of two years prior to the appointment and, if appointed, must maintain an active license status during tenure on the committee. There also must be no pending enforcement actions against the licensee.

The committee meets five times annually, generally for one day, for a total commitment of approximately five to eight days annually.

If committee membership interests you, please see information on page 15.

HELP IS ON THE WAY!

CBA'S LICENSING DIVISION TO CREATE A CLIENT SERVICES UNIT

Our clients are our number one priority. Consumers, licensees, applicants, candidates, and all our other stakeholders come first! The CBA has not always had the resources to meet its customer service objectives, but that does not mean that it has lowered the bar or its expectations to succeed.

Always working toward improvement and sustaining excellence, the CBA will launch a new Client Services (CS) Unit in January 2008, aimed at enhancing internal and external customer service currently provided by the CBA's Licensing Division.

The CS Unit, reporting directly to the Chief of the Licensing Division, will be comprised of staff members fully trained in all areas of the division, including examination, initial licensing, license renewal, and continuing competency. And to meet its strategic objective of offering excellent customer service, the CS Unit is tasked with these first steps when it begins operating:

- Develop a strategy and set of performance objectives that support continued customer service improvement efforts.
- Implement performance measures to gauge progress in meeting customer service objectives, including offering methods that will allow clients to provide feedback to the CS Unit.
- Establish a comprehensive training program that gives staff the skills and knowledge to effectively and efficiently respond to client needs.
- Institute a system for recognizing and reinforcing excellent customer service by staff.

Please visit CBA's website for periodic updates on launching the Client Services Unit.

Meantime, in a related and very exciting development, the CBA is pleased to announce that the Governor's Budget has allocated funding for six new positions in the Initial Licensing Unit. These positions, once filled, will allow the CBA to substantially speed up timeframes for issuing the CPA license, an area of ongoing concern that this Board will finally be able to address.

With the formation of the new unit as well as authority to hire new staff, we are many steps closer to delivering the best service possible and meeting the needs of our clients. As we've said, help is on the way!

REGULATION NOTICE

TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (Board) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Hotel Kabuki (formerly the Miyako Hotel), 1625 Post Street, San Francisco, California 94115, phone (415) 922-3200, at 11:00 a.m. on January 18, 2008. Written comments, including those sent by mail, facsimile, or email to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office no later than 5:00 p.m. on January 17, 2008, or must be received by the California Board of Accountancy at the hearing. If submitted at the hearing, it is requested, although not required, that 25 copies be made available for distribution to Board members and staff. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposal substantially as described below or may modify such proposal if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as the Contact Person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5018, 5027, 5083, 5090, 5092, 5093, and 5095 of the Business and Professions Code and to implement, interpret or make specific Sections 5023, 5028, 5070.7, 5083, 5090, 5092, 5093, and 5095 of the Business and Professions Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

1. Amend Sections 11.5, 12, and 12.5 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt regulations for the orderly administration of the Accountancy Act. Subdivision (b) of the Business and Professions Code Section 5090 requires that applicants for the certified public accountant (CPA) license comply with the education, examination, and experience requirements in either Section 5092 (Pathway 1) or Section 5093 (Pathway 2). Business and Professions Code Section 5027 requires the Board to adopt regulations specifying continuing education (CE) for its licensees. Section 5095 of the Business and Professions Code requires that licensees must have a minimum of 500 hours of Board-approved experience in attest services in order to be authorized to sign reports on attest engagements.

Current Section 11.5 specifies that an applicant whose required experience was obtained five or more years prior to application for licensure must obtain 48 hours of CE in specific subject matter areas prescribed by the Board. However, the subject matter areas are not listed. This proposal identifies those specific subject matter areas to be financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting. In

addition, this proposal allows the Board to determine whether the 48 hours of CE will be required, by changing the language regarding the CE to “may be required....” Applicants must submit certificates of course completion to the Board, if the courses are required.

Current Section 12 specifies that applicants applying under either Pathway 1 or Pathway 2 with required experience that was obtained five or more years prior to application for licensure must obtain 48 hours of continuing education in specific subject matter areas prescribed by the Board. However, the subject matter areas are not listed. This proposal identifies the specific subject areas to be general accounting, and other comprehensive basis of accounting. In addition, this proposal allows the Board to determine whether the 48 hours of CE will be required, by changing the language regarding the CE to “may be required....” Applicants must submit certificates of course completion to the Board, if the courses are required.

Current Section 12.5 specifies that applicants with required attest experience that was obtained five or more years prior to application for licensure may be required to obtain 48 hours of continuing education in specific subject matter areas prescribed by the Board. However, the subject matter areas are not listed. This proposal identifies the specific subject areas to be financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting. In addition, applicants must submit certificates of course completion to the Board, if the courses are required.

The objective of this proposal is to revise Sections 11.5, 12, and 12.5 to identify those specific subject matter areas for which the Board requires 48 hours of documented continuing education when an applicant's qualifying experience was obtained five or more years prior to application. The subject matter areas required would ensure that applicants have current knowledge of applicable professional standards in those areas even though their experience may not have been performed under the most current applicable professional standards. The change to the Board's decision whether to require the CE units allows the Board to determine if the circumstances of individual applicants preclude the need for the CE (e.g., if the Uniform CPA exam was passed within the last five years prior to application for licensure). In addition, these changes would provide consistency among these three sections, all of which deal with CE for applicants whose experience was gained five or more years prior to application for licensure.

2. Amend Section 37 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt regulations for the orderly administration of the Accountancy Act and Section 5027 requires the Board to adopt regulations specifying continuing education for its licensees. Business and Professions Code Section 5070.7 specifies that permits that are not renewed within five years after expiration may not be renewed, restored, or reinstated, unless the Board reinstates the permit with any conditions and restrictions required by the Board.

Current Section 37 allows licensees whose certificates were cancelled under Business and Professions Code Section 5070.7 to apply for a new certificate, as specified, if the applicant has completed at least 120 hours of continuing education within three years prior to the date of application. Of the 120 hours, 48 must be within specified subject matter areas. This proposal decreases the amount of continuing education to 48 hours, requires certificates of course

completion, and identifies the specific subject matter areas prescribed by the Board for both a reissued certification which authorizes signing reports on attest engagements as well as a reissued certificate that does not provide that authorization. Application for a reissued certificate authorizing the applicant to sign attest reports requires 48 hours in financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting. Application for a reissued certificate that does not provide attest report signing authority requires 48 hours in general accounting and other comprehensive basis of accounting. The proposal also allows a Certified Public Accountant whose cancelled certificate authorized signing reports on attest engagements to apply instead to be reissued a certificate that does not authorize signing attest reports. In addition, a minor wording change is made to improve the clarity of this section.

The objective of this proposal is to identify the subject matter areas that meet the Board's requirements and to provide consistency in continuing education requirements in cases where a licensee's experience is not current. The subject matter areas required and documented would ensure that applicants have current knowledge of applicable professional standards in those areas even though their experience may not have been performed under the most current applicable professional standards. In addition, applicants are provided the flexibility to apply for certification for general accounting work if they choose not to return to attest work.

3. Amend Section 87.1 of Title 16 of the California Code of Regulations.

Business and Professions Code Section 5010 authorizes the Board to adopt regulations for the orderly administration of the Accountancy Act. Business and Professions Code Section 5027 requires that the Board adopt regulations specifying continuing education requirements for its licensees. Business and Professions Code Section 5028 authorizes the Board to make exceptions from continuing education requirements for licensees not engaged in public practice.

Subdivision (d) of Business and Professions Code Section 5027 requires that licensees, within a six-year period, complete continuing education on the provisions of the Accountancy Act and the rules of professional conduct. Section 87.7 of Title 16 specifies the continuing education course that must be completed for compliance with the requirements of subdivision (d) of Section 5027.

Current Section 87.1 specifies requirements for licensees who elect to convert their licenses from inactive status to active status prior to the next license expiration date including requirements for completing specified continuing education. Current Section 87.1 requires that licensees converting their licenses from inactive to active status complete the continuing education course described in Section 87.7 within the 24-month period prior to conversion to active status. This proposal would revise that provision so that the course would only be required in those instances in which more than six years have elapsed since the licensee last completed the course. This proposal would also make minor wording changes to update and improve the clarity and consistency of Section 87.1.

The objective of this proposal is to revise Section 87.1 so that licensees converting from inactive to active status under the provisions of Section 87.1 are no longer required to complete the continuing education course described in Section 87.7 more frequently than other licensees with an active license.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: Insignificant.

Nondiscretionary Costs/Savings to Local Agencies: None.

Local Mandate: None.

Cost to Any Local Agency or School District for Which Government Code Section 17561 Requires Reimbursement: None.

Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies were relied upon in making that determination: None.

Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The California Board of Accountancy is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None.

EFFECT ON SMALL BUSINESS

The California Board of Accountancy has determined that the proposed regulations would affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative which it considered or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file that is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed administrative action may be addressed to:

Name:	Melody L. Friberg
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1792
Fax No.:	(916) 263-3675
Email Address:	mfriberg@cba.ca.gov

The backup contact person is:

Name:	Dan Rich
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1713
Fax No.:	(916) 263-3675
Email Address:	drich@cba.ca.gov

Inquiries concerning the substance of the proposed regulations may be directed to Melody L. Friberg at (916) 561-1792.

Website Access: Materials regarding this proposal can be found at www.dca.ca.gov/cba.

TEXT OF PROPOSAL

Section 11.5. Experience Requirements for Applicants Who Will be Applying for Licensure Pursuant to Business and Professions Code Section 5090(b).

Applicants may be required to appear before the Qualifications Committee and present work papers, or other evidence, substantiating that their experience meets the requirements of Section 5083 of the Business and Professions Code.

(a) In order to meet the attest experience requirements as set forth in Section 5083, the applicant shall show to the satisfaction of the Board that his/her experience has included all the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(b) The applicant, pursuant to Section 5087 of the Accountancy Act, may be considered to have met the experience requirement for licensure when the applicant can show to the satisfaction of the Board that (s)he has been engaged in the practice of public accounting as a licensed certified public accountant in another state for five of the ten years preceding the date of application for a California license.

(c) The applicant who is applying with public accounting experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of Rule 11.5(a) and generally accepted auditing standards. Alternatively, the applicant may acquire one year of United States experience which meets the requirements of Business and Professions Code Section 5083 and Rule 11.5(a).

(d) The applicant who is applying with experience obtained five (5) or more years prior to application ~~will~~ may be required to obtain 48 hours of continuing education ~~courses in specific areas prescribed by the Board~~ which shall include financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

(e) The experience required by Section 5083 may be obtained in full-time or part-time

employment. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(f) This section shall become inoperative on January 1, 2010.

NOTE: Authority cited: Sections 5010, 5018, and 5083, Business and Professions Code.
Reference: Sections 5023 and 5083, and 5090, Business and Professions Code.

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the firm or agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the person supervising the experience is also an owner of the public accounting firm, no second signature is required. If the experience is obtained at a private business, no second signature is required if the person supervising the experience is also an owner of the private business.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3) All verifications shall be signed under penalty of perjury.

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public practice, industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full time employment for an applicant qualifying under Section 5092 or at least one year of full time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application ~~will~~ may be required to obtain 48 hours of continuing education ~~in specific areas prescribed by the Board which shall include general accounting, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.~~

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code.
Reference: Sections 5092 and 5093.

Section 12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Section 5087, 5092, or 5093 or holder of an unexpired California Certified Public Accountant license issued pursuant to Business and Professions Code Section 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Section 5083, 5092, or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095.

(1) Experience shall be verified by the supervisor and by a second person with a higher level of responsibility in the firm or agency. The verification shall be signed by both persons under penalty of perjury. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(d) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

(e) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience which meets the requirements of Business and Professions Code Section 5095 and subsection (b).

(f) The applicant who is applying with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education courses in specific areas prescribed by the Board which shall include financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

(g) The experience required by Section 5095 may be obtained in full-time or part-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code. Reference: Section 5023, 5092, 5093, and 5095, Business and Professions Code.

Section 37. Reissuance.

A certified public accountant (CPA) whose certificate has been cancelled by the operation of Business and Professions Code Section 5070.7 may apply for and obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. The reissued certificate will permit the CPA to perform the same services as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

(a) Within ~~3~~ three years preceding the date of application, the applicant has completed at least ~~120~~ 48 hours of continuing education as specified in paragraphs (1) or (2) of this subsection of which up to 48 hours must be in subject areas specifically identified by the board: and has submitted the certificates of completion for those courses to the Board:

(1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, courses in the following subject areas are required: financial accounting

standards, auditing standards, compilation and review, and other comprehensive basis of accounting.

(2) For an applicant whose re-issued certificates will not authorize signing reports on attest engagements, courses in the following subject areas are required: general accounting, and other comprehensive basis of accounting.

(b) In lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 5070.7, Business and Professions Code.

Section 87.1. Conversion to Active Status Prior to Renewal.

(a) A licensee who has renewed his/her license in inactive status may convert to active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, ~~including the professional conduct and ethics course described in Section 87.7, in within~~ the 24 month period prior to converting to active status, including the professional conduct and ethics course described in Section 87.7 if more than six years have elapsed since the licensee last completed the course; (2) applying to the board in writing to convert to active status; and (3) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion to active status has been approved.

(b) A licensee who, during the 24 months prior to converting to active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(b) as part of the 80 hours of continuing education required to convert to active status under subsection (a).

(c) A licensee who, during the 24 months prior to converting to active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert to active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(d). This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c). ~~This requirement applies to licensees who convert to active status on or after July 1, 2005.~~

(e) Once converted to active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full 6 month period from the date of conversion to active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of ~~change~~ conversion to active status and the next license expiration date is less than 6 six full months, no additional continuing education is required for license renewal.

(f) Once converted to active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of conversion to active status and the next license expiration date shall complete 6 six hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(b).

(g) Once converted to active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of conversion to active status and the next license expiration date shall complete 6 six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (d). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(c).

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5028, Business and Professions Code.

(Continued from page 3)

APPOINTMENT OPPORTUNITIES TO BOARD'S QUALIFICATIONS COMMITTEE

Please mail your letter of intent with a *résumé* or *curriculum vitae*, including your CPA license number to:

Carol Sigmann, Executive Officer
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

As an alternative, you may submit your letter of intent and *résumé* as attachments via e-mail directly to mleclair@cba.ca.gov. Please do not submit any documents with macros.

The committee chair will interview qualified applicants and make recommendations to the Vice President of the Board. If an applicant is recommended for appointment, that applicant's name will be placed on the agenda for adoption by the Board in early 2008.

If you have additional questions about committee responsibilities, committee member qualifications, or the appointment process, please telephone Patti Bowers of the Board's Licensing Division at (916) 561-1740 or email her at pbowers@cba.ca.gov.

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